Central Petroleum Limited
ABN 72 083 254 308

OPERATING ACTIVITIES REPORT AND ASX APPENDIX 5B
For the Quarter Ended 30 September 2019

Figure 1: Drilling the Range #2 coal seam gas exploration well in the Surat Basin, Qld

REVIEW OF OPERATIONS FOR THE QUARTER ENDED 30 SEPTEMBER 2019 ("THE QUARTER")

HIGHLIGHTS

- Successful completion of the four well exploration programme at the Range gas project in Queensland's Surat Basin, resulting in the certification of 270PJ of 2C contingent gas resource (135 PJ net to Central). It is anticipated that the upcoming pilot well programme and pre-Final Investment Decision (FID) activities will lead to a conversion of 2C contingent gas resource to certified 2P reserves;
- The Dukas-1 exploration well in the Northern Territory's Amadeus Basin was suspended at a depth of 3,704m after encountering hydrocarbon-bearing gas from an over-pressurised zone close to the primary target. A forward plan for Dukas-1 will be announced once formally approved by the JV;
- Sale volume was 3.5 PJE, including the sale of purchased gas of 0.3 PJ. This compares to 4.0 PJE in the preceding June quarter (including 0.2 PJ of purchased gas). The decrease in sales volume over the quarter reflects a cessation of Mereenie gas overlifting (0.4 PJ), an extended planned outage at the Northern Gas Pipeline (NGP) (0.2 PJ) and Mereenie production decline, partly offset by increases in production at the Palm Valley and Dingo fields;
- Cash balance at the end of the quarter was $16.5 million (down $1.3 million from $17.8 million at 30 June 2019):
    - Net cash flow from operations (before exploration and finance costs) was $6.6 million;
    - Net cash flow from operations, after exploration, interest and unallocated G&A, of $4.4 million, reflecting the lower sales revenues and various one-off costs; and
    - Principal repayments under debt facilities were $4.7 million with Macquarie pre-sale gas deliveries of 389 TJs. Total debt repayments made to date in CY2019 have been $16.7 million and Central remains on track for total debt repayments of $21.5 million for the full CY2019; and
- Subsequent to the end of the quarter, announced an exploration programme for CY2020 consisting of five high-graded drillable prospects and two appraisal tests in the Amadeus Basin with funding anticipated to be sourced through a farmout.

DEVELOPMENT ACTIVITIES

Range gas project (ATP 2031) - Queensland

(CTP - 50% interest, Incitec Pivot Queensland Gas Pty Ltd ("Incitec") - 50% interest)

In August, Central booked a maiden 2C contingent gas resource of 270 Petajoules (PJ) (135 PJ Central share) in ATP 2031 in Queensland's coal seam gas (CSG)-rich Surat Basin. The Range Project is at the doorstep of the east coast gas market and could nearly double Central's reserve base within 18 months.

The resources, certified by international certifier NSAI, exceeded expectations and resulted from a successful four-well exploration programme conducted safely, on schedule and on budget during July and August 2019. These wells provided exciting results, demonstrating average coal thickness of 30m and drill stem tests indicated that permeability is in line with, or better than, expectations – including the deeper Taroom seams. The excellent permeability and coal thickness suggest that the area should be suitable for gas production from low-cost, un-fracked vertical wells.

Given these excellent results, Central and joint venture partner, Incitec, are proceeding immediately with an appraisal pilot, which is anticipated to consist of three wells producing gas and water to a local flare and above-ground tank. Drilling is planned to commence in the first quarter of CY2020.

The joint venture is now seeking to progress the Final Investment Decision (FID) on an accelerated basis for what is likely to be a substantial CSG development. These pre-FID activities include conducting environmental studies, securing approvals, undertaking engineering studies, selecting equipment and ordering long-lead items. First gas sales from the Range gas project are targeted for 2022.

It is anticipated that completion of the pre-FID activities and a successful appraisal pilot will lead to a conversion of 2C contingent resource to 2P certified reserves.

The Range gas project is situated in Queensland's Surat Basin, a geological province whose CSG reserves have attracted billions of dollars of investment over the last decade and now supplies gas to both the domestic market and international consumers through Gladstone's LNG facilities. There are a number of CSG wells in adjacent blocks and areas within the Walloons coal fairway in the same depth band as the Range gas project have been successfully developed for production. The permit area covers 77km^2 and is located approximately 28km north-west of the town of Miles which lies half way between the Wooleebee Creek and Bellevue CSG developments.

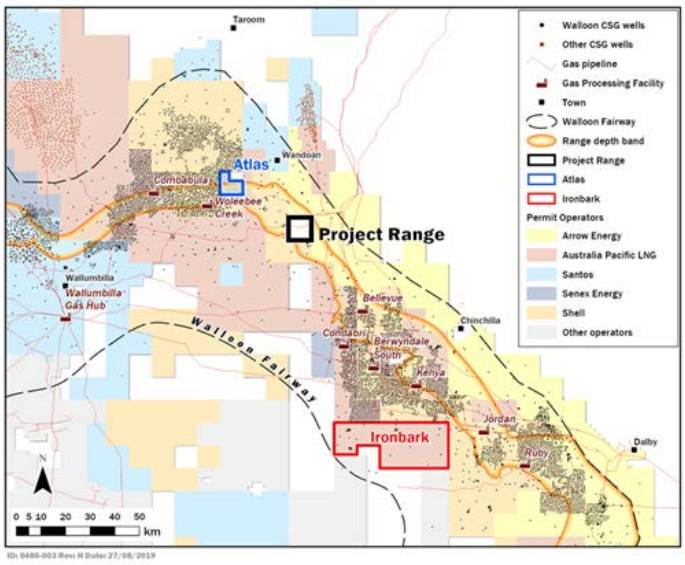

Figure 2: Location map of the Range gas project showing proximity to existing infrastructure and producing gas fields

The exploration and appraisal program is being undertaken through a 50:50 joint venture arrangement with Incitec. Under the arrangement, Incitec is free-carrying Central by contributing up to $20 million for the exploration programme and production appraisal pilot. All future project costs, including pre-FID activity are to be funded 50/50 under the joint venture arrangements. Gas production from this permit will be sold to the east coast domestic gas market.

PRODUCTION ACTIVITIES

Total Sales Volumes

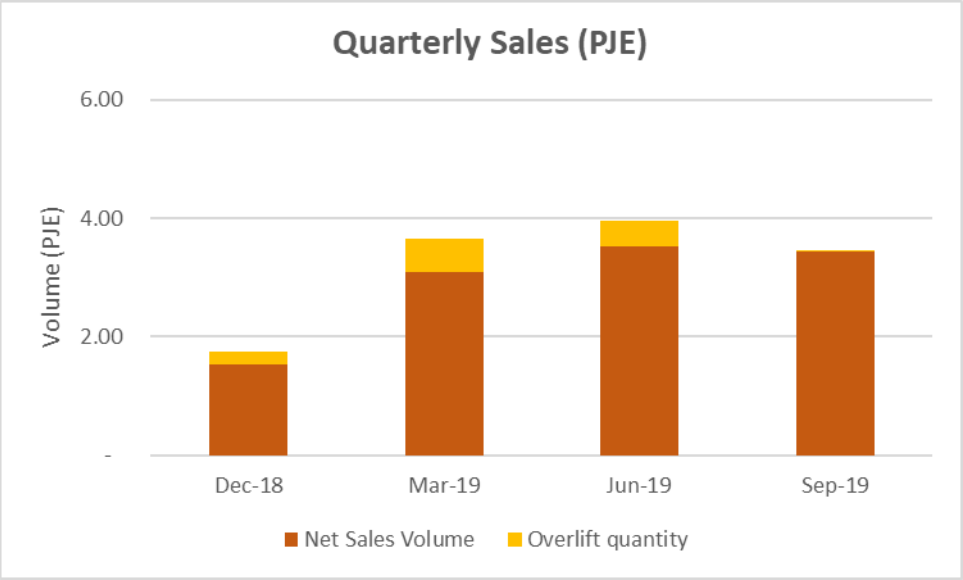

Figure 3: Quarterly sales volumes (CTP equity share)

Sales volume was 3.5 PJE, including the sale of purchased gas of 0.3 PJ. This compares to 4.0 PJE in the preceding June quarter (included 0.2 PJ of purchased gas). The decrease in sales volume over the quarter reflects a cessation of Mereenie gas overlifting (0.4 PJ), an extended planned outage at the NGP (0.2 PJ) and field decline at Mereenie, partly offset by increases at the Palm Valley and Dingo fields.

Total Sales Revenue

Product	Unit	Q1 2019/20	Q4 2018/19	Q1 2018/19
Gas	$'000	15,196	17,840	6,864
Crude and Condensate	$'000	1,970	2,715	2,708
Total Sales Revenue	**$'000**	**17,166**	**20,555**	**9,572**

Total sales revenue was $17.2 million, down from $20.6 million in the June 2019 quarter. The reduction in gas sales revenue this quarter is primarily attributed to a cessation of Mereenie gas overlifting, with lesser impacts resulting from an extended outage at the NGP and Mereenie field decline, partly offset by increases at the Palm Valley and Dingo fields. Lower realised net oil revenues reflect lower global oil prices and the commencement of a new crude oil sale and purchase agreement for deliveries to Port Bonython. Wharfage charges deducted by the customer under the new agreement result in a lower overall margin and are now netted-off against revenues, whereas previously these were recorded as production costs.

Mereenie Oil and Gas Field (OL4 and OL5) – Northern Territory

(CTP - 50% interest (and Operator), Macquarie Mereenie Pty Ltd - 50% interest).

At the end of the quarter, Mereenie field production capacity was 44 TJ/d (100% JV).

Mereenie field production averaged 40.1 TJ/d (100% JV) compared to the 12 year record-high average of 48.3 TJ/d achieved in the June 2019 quarter. Nearly half of the decline was due to an extended planned outage at the NGP with the balance due to field decline.

To mitigate ongoing field decline, a campaign of targeted recompletions is being planned for JV approval to be executed in CY2020. Timing for future production wells to optimise Mereenie field production capacity is also under consideration.

The Company continues to progress other optimisation opportunities in the field and in the plant to further improve production from the Mereenie field.

Palm Valley (OL3) - Northern Territory

(CTP - 100% interest)

Palm Valley production averaged 9.4 TJ/d over the quarter, an increase from the 8.7 TJ/d average achieved in the previous quarter – reflecting a full quarter of production from PV13. Since coming online in May, PV13 has performed well at a plateau rate of 7.0 TJ/d.

With the capacity of surface equipment currently constrained by field production, opportunities are being evaluated to increase field deliverability and recovery (i.e. convert 2C resources into 2P reserves) via reconfiguring the existing compression.

Dingo Gas Field (L7) and Dingo Pipeline (PL30) – Northern Territory

(CTP - 100% interest)

The Dingo Gas Field supplies the newly developed Owen Springs Power Station with gas. During the quarter, the Owen Springs Power Station continued to increase its gas consumption as commissioning progressed. As a result, the average gas production this quarter at 3.3 TJ/d was higher than the previous quarter average of 2.2 TJ/day. The daily contract volume of 4.4 TJ/d is subject to take-or-pay provisions paid annually to Central in January for the preceding calendar year.

EXPLORATION ACTIVITIES

Dukas-1 (EP112) – Northern Territory

(CTP – 30%, Santos (and Operator) – 70% (farm-in in progress))

The Dukas-1 exploration well targeted a large regional high optimally located to receive charge from an interpreted Neoproterozoic depocenter. The primary reservoir objective is the Heavitree Quartzite/fractured basement, a petroleum system which has been proven to be hydrocarbon bearing at Mt. Kitty-1 and McGee-1.

Dukas-1 is located approximately 175km south west of Alice Springs (Figure 4) and the prospect has multi-TCF gas potential (30% net to Central).

Dukas-1 was spudded on the 16 April 2019 with a proposed total depth of 3,850m. Dukas-1 reached a depth of 3,704m in August when it encountered formation pressures much higher than predicted. Santos (as operator) subsequently assessed that the technical requirements to drill forward were in in excess of the capabilities of the rig and surface equipment. The well was suspended on 21 September 2019 after acquiring data from wireline logs, sidewall cores and a vertical seismic profile (VSP). The well is yet to penetrate the primary target, and subsequent analysis of the VSP indicates the presence of reflectors which may indicate the location of the primary target and basement at depths 180-500m below the well's current depth.

Drilling mud gas samples recovered during drilling have indicated the presence of hydrocarbons in combination with inert gasses in the system. The nature of the sampling however precludes determination of a reliable and accurate quantification of the composition of the gas sampled. The presence of hydrocarbons in the gas samples and the presence of overpressure are positive indicators of a working petroleum system at the Dukas location.

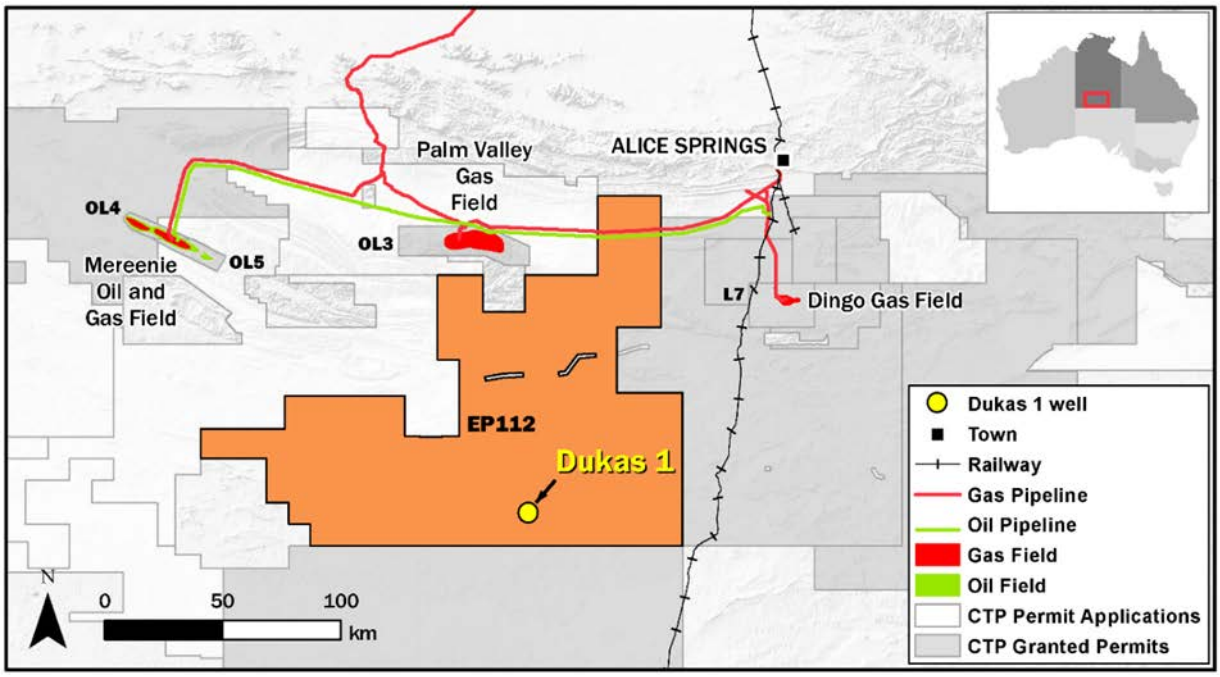

Figure 4: Location map of Dukas-1 and EP112

Further technical work, including finalising well design, completion of data processing and data interpretation is still required to formulate a definitive forward plan. Given the requirement for a larger rig and blow-out preventer (15,000 psi), new well designs and a full set of approvals, a return to Dukas-1 prior to 2021 appears unlikely. Central is exploring options and opportunities to accelerate completion of the Dukas-1 well within the contractual framework of the EP112 Joint Venture agreement with Santos. A forward plan for Dukas-1 will be announced once formally approved by the JV. The status of the EP112 Stage 3 farmout is also currently being considered within joint venture processes.

Upon completion of the Stage 3 farmout, Central's participating interests will be as presented in Table 1 below.

Table 1: Summary of Central's interests in the Southern Amadeus Joint Venture

Southern Amadeus Area	Total Central Participating Interest after completion of Stage 3 Farmout to Santos
EP 82 (excluding EP 82 Sub-Blocks) **	60%
EP 105**	60%
EP 106 * & **	60%
EP 112 **	30%
EP 125 **	30%
EP 115 (North Mereenie Block) **	60%

* *Santos (as Operator) has continued the process of an application with the NT Department of Primary Industry and Resources for consent to surrender Exploration Permit 106.*

** *Santos' right to earn and retain participating interests in the permit is subject to satisfying various obligations in their farmout agreement with Central. The participating interests as stated assume such obligations have been or will be met.*

Exploration Portfolio Review

The current Central portfolio encompasses opportunities within the Amadeus, Southern Georgina, Wiso and Surat Basins. The total area held by Central for exploration (both granted and under application) within these basins is 188,767 km^2 (76,318 km^2 granted and 112,450 km^2 under application).

Following connection to the east coast gas market via the NGP in January of this year, Central's NT exploration assets now have a clear pathway to an attractive east coast gas market. Recognising this new market dynamic, Central has significantly augmented its exploration capabilities with experienced personnel and new analytical tools to undertake a full updated exploration portfolio review.

The exploration portfolio review continued during the September quarter and has enabled the definition of an exciting 2020 exploration drilling campaign targeting lower-risk, higher value targets. In addition, a basin-wide play-based analysis has been advanced in order to assess longer term and potentially transformational exploration programmes beyond 2020. Completion of this longer-term analysis is targeted for 2020.

CY2020 Exploration Programme

The CY2020 exploration programme announced in October consists of five high-graded drillable targets and two appraisal tests that range from low to moderate-risk opportunities with compelling investment justifications, including rapid commercialisation, attractive brownfield economics, proximity to existing infrastructure, and drill-ready in CY2020. Key attributes include:

a) Lower risk exploration and appraisal near existing production;

b) Capable of completion in CY2020;

c) Able to be quickly monetised through existing access to markets; and

d) Higher margin targets utilising existing production facilities (brownfield economics).

The CY2020 exploration programme targets natural fractures within conventional formations. No artificial stimulation (hydraulic fracturing) is proposed for this exploration programme.

The CY2020 exploration program is estimated to have a total cost of $51 million and an aggregated best estimate (P50) prospective resource of up to 321 PJ of gas (205 PJ risked) and 24 mmbbl of oil (9.5 mmbbl risked).

The estimated aggregate prospective resources contained within the prospects (net to Central) are:

Table 2: Estimated aggregate prospective resources

	Unit	Best estimate (P50)	Mean	Risked
Gas	Petajoules	321	505	205
Oil	Million barrels	24	29	9.5

Table 3: Summary of exploration prospects and volumes

Lead / Prospect	Target	Depth (mMD)	Permit	Permit Interest	Low Estimate P90 Recoverable (PJ)	Best Estimate P50 Recoverable (PJ)	High Estimate P10 Recoverable (PJ)	Mean Recoverable (PJ)
Dingo Deep	Pioneer	3600	L7	100%	13	41	135	63
Orange-3	Arumbera	2800	EP82(DSA)	100%	17	81	296	131
	Pioneer	3500	EP82(DSA)	100%	23	84	275	129
Palm Valley Deep	Arumbera	3600	OL3	100%	17	80	299	131
Palm Valley West	Pacoota	1900	OL3	100%	7	35	114	51
Aggregate gas						321		505
Oil prospects					(mmbbl)	(mmbbl)	(mmbbl)	(mmbbl)
Mamlambo	Pacoota	1500	L6	100%	7	24	60	29

In addition, the programme will provide a potential pathway to converting 2C contingent resources of 54 PJ (Central share) to reserves with a targeted Mereenie Stairway appraisal program.

Table 4: Summary of Stairway Appraisal gas opportunity at Mereenie

Appraisal target	Target	Permit	Permit Interest	2C Contingent (PJ)	
Mereenie Stairway	Stairway	OL4/5	50%	54	(Net to Central)

Contingent and prospective resources

Volumes presented in tables 3 and 4 represent the unrisked recoverable volumes derived from montecarlo probabilistic volumetric analysis for each prospect. Inputs required for these analyses have been derived from offset wells and fields relevant to each play and field. Recovery factors used have been derived from analogous field production data.

The Prospective Resources were first reported to ASX on 11 October 2019 and the Contingent Resources are as reported in the 30 June 2019 Annual Report. Central confirms that it is not aware of any new information or data that materially affects the information included in those announcements and all material assumptions and technical parameters underpinning the estimates continue to apply and have not materially changed.

Risked recoverable volumes have been derived by using the geological chance of success for each individual prospect and multiplying the mean recoverable volume and aggregating the result.

Cautionary statement: the estimated quantities of petroleum that may potentially be recovered by the application of a future development project(s) relate to undiscovered accumulations. These estimates have both an associated risk of discovery and a risk of development. Further exploration appraisal and evaluation is required to determine the existence of a significant quantity of potentially moveable hydrocarbons.

Central plans to fully fund the CY2020 exploration programme through a formal farmout process. Central's current operating assets at Mereenie, Palm Valley, and Dingo have all benefitted from recent access to the east coast gas market via the NGP. Central believes this catalyst has generated an uplift in asset value that could be released efficiently through a sell-down. The key parameters for such divestment are anticipated to include:

- Central to retain a majority interest;
- Central to remain as operator; and
- Attract a fully aligned JV partner with financial and technical capacity.

Based on indicative discussions and market approaches to date, combining a sell-down of operating assets with a farmout of the CY2020 exploration programme could generate significant interest from the market and allow Central to fully fund the CY2020 exploration programme and make any required pro-rata debt repayment. Releasing asset level equity in this way could be more value-accretive for shareholders than other funding alternatives for this purpose. Additionally, it effectively shares exploration risk with other parties as previously achieved through the Santos and Incitec joint ventures.

Central will run a formal sell-down/farmout process to progress this opportunity with a target completion around mid-2020. During this process, Central intends to progress the CY2020 exploration programme with respect to all critical path activities, including well design, environmental management plans, procuring long lead items, and seeking all necessary regulatory approvals in order to allow for drilling activity within CY2020.

Longer Term Exploration Strategies

The Amadeus Basin is an extensive underexplored basin with five working hydrocarbon systems demonstrating proven oil and gas production. Central have identified many less-mature, but potentially company-changing, oil and gas prospects throughout the basin. Work has been progressing on a play-based basin mapping that will enable the Company to mature these opportunities into drillable prospects with much better technical understanding and focus. The play-based mapping of these prospects, including potential Dukas "look-a-likes", will allow these exploration targets to be graded and prioritised.

Central will present the results of this analysis and longer-term exploration strategies once finalised in CY2020.

Ooraminna Field (RL3 and RL4) – Northern Territory

(CTP - 100% interest)

Based on the updated portfolio review and analysis, the Ooraminna-3 well was not as compelling on a risk-return basis as the competing CY2020 exploration targets above. As a result, the Ooraminna-3 well will not be drilled prior to the March 2020 commitment deadline. Central will seek an extension to the permit to allow for further work to be conducted to improve the risk/return dynamics. If the extension is granted, the Ooraminna prospect will be included in the package of assets available to farminees.

Amadeus Basin (excludes EP 115 North Mereenie Block) – Northern Territory

(CTP and other interests – see "INTERESTS IN PETROLEUM PERMITS AND LICENCES TABLE" below).

Central began initial planning for the Year 3 permit commitment of 500km of seismic acquisition in EP115 during the quarter. The final layout has yet to be agreed on, however, the targets will include leads at the Ordovician (Stairway and Pacoota Sandstone), Arumbera, Pioneer, Areyonga and Heavitree/ basement horizons. The data gathered in the Dukas-1 well (which spudded in April) is likely to influence the location of the upcoming seismic program which is due to be acquired before December 2019. Therefore, an application for permit suspension was submitted and granted to facilitate a more informed seismic program whilst still meeting schedules necessary to keep the permit in good standing.

The Company continues to monitor data in these permits, seeking to identify a variety of exploration play types and targets which could be prospective for hydrocarbons and/or helium.

ATP 909, ATP 911 and ATP 912, Southern Georgina Basin – Queensland

(CTP - 100% interest)

Central is currently conducting Year 1 permit obligations of geology and geophysical studies focusing on the Ethabuka structure. Ethabuka-1 was drilled in 1973 and tested gas at ~0.2 mmscfd from the Coolibah Formation, the well being abandoned prematurely due to mechanical difficulties and weather. As such, the large Ethabuka anticline remains to be fully tested at multiple levels. Work also continues on the development of a large hydrothermal dolomite play in the blocks.

INTERESTS IN PETROLEUM PERMITS AND LICENCES AT 30 SEPTEMBER 2019

Petroleum Permits and Licences under Application

Tenement	Location	Operator	CTP Consolidated Entity		Other JV Participants	
			Registered Interest (%)	Beneficial Interest (%)	Participant Name	Beneficial Interest (%)
EPA 92	Wiso Basin NT	Central	100	100		
EPA 111 [2]	Amadeus Basin NT	Santos	100	50	Santos	50
EPA 120	Amadeus Basin NT	Central	100	100		
EPA 124 [2 & 5]	Amadeus Basin NT	Santos	100	50	Santos	50
EPA 129	Wiso Basin NT	Central	100	100		
EPA 130	Pedirka Basin NT	Central	100	100		
EPA 131 [4]	Pedirka Basin NT	Central	100	0		
EPA 132	Georgina Basin NT	Central	100	100		
EPA 133	Amadeus Basin NT	Central	100	100		
EPA 137	Amadeus Basin NT	Central	100	100		
EPA 147	Amadeus Basin NT	Central	100	100		
EPA 149	Amadeus Basin NT	Central	100	100		
EPA 152 [5]	Amadeus Basin NT	Central	100	100		
EPA 160	Wiso Basin NT	Central	100	100		
EPA 296	Wiso Basin NT	Central	100	100		

Petroleum Permits and Licences Granted

Tenement	Location	Operator	CTP Consolidated Entity		Other JV Participants	
			Registered Legal Interest (%)	Beneficial Interest (%)	Participant Name	Beneficial Interest (%)
EP 82 (excl. EP 82 Sub-Blocks) [1]	Amadeus Basin NT	Santos	60	60	Santos QNT Pty Ltd ("Santos")	40
EP 82 Sub-Blocks	Amadeus Basin NT	Central	100	100		
EP 93 [4]	Pedirka Basin NT	Central	100	0		
EP 97 [4]	Pedirka Basin NT	Central	100	0		
EP 105 [1]	Amadeus/Pedirka Basin NT	Santos	60	60	Santos	40
EP 106 [3]	Amadeus Basin NT	Santos	60	60	Santos	40
EP 107 [4]	Amadeus/Pedirka Basin NT	Central	100	0		
EP 112 [1]	Amadeus Basin NT	Santos	30	30	Santos	70
EP 115 (excl. EP 115 North Mereenie Block)	Amadeus Basin NT	Central	100	100		
EP 115 North Mereenie Block	Amadeus Basin NT	Santos	60	60	Santos	40
EP 125	Amadeus Basin NT	Santos	30	30	Santos	70
OL 3 (Palm Valley)	Amadeus Basin NT	Central	100	100		
OL 4 (Mereenie)	Amadeus Basin NT	Central	50	50	Macquarie Mereenie Pty Ltd ("Macquarie Mereenie")	50
OL 5 (Mereenie)	Amadeus Basin NT	Central	50	50	Macquarie Mereenie	50
L 6 (Surprise)	Amadeus Basin NT	Central	100	100		
L 7 (Dingo)	Amadeus Basin NT	Central	100	100		
RL 3 (Ooraminna)	Amadeus Basin NT	Central	100	100		
RL 4 (Ooraminna)	Amadeus Basin NT	Central	100	100		
ATP 909	Georgina Basin QLD	Central	100	100		
ATP 911	Georgina Basin QLD	Central	100	100		
ATP 912	Georgina Basin QLD	Central	100	100		
ATP 2031	Surat Basin QLD	Central	50	50	Incitec Pivot Queensland Gas Pty Ltd	50

Pipeline Licences

Pipeline Licence	Location	Operator	CTP Consolidated Entity		Other JV Participants	
			Registered Interest (%)	Beneficial Interest (%)	Participant Name	Beneficial Interest (%)
PL 2	Amadeus Basin NT	Central	50	50	Macquarie Mereenie	50
PL 30	Amadeus Basin NT	Central	100	100		

Notes:

1 *Santos' right to earn and retain participating interests in the permit is subject to satisfying various obligations in the farmout agreement with Central. The participating interests as stated assume such obligations have been met, otherwise may be subject to change.*

2 *Effective 1 May 2017, Santos exercised its option to acquire a 50% participating interest in and be appointed operator of EPA 111 and EPA 124, which was granted as part of Central's acquisition of a 50% interest in the Mereenie oil & gas field.*

3 *Santos (as Operator) has continued the process of an application with the NT Department of Primary Industry and Resources for consent to surrender Exploration Permit 106.*

4 *These exploration permits and exploration permit applications have been disposed, with transfers for the granted exploration permits undergoing the process of registration with the NT Department of Primary Industry and Resources.*

5 *On 22 March 2018 (in respect of EPA 124) and on 23 March 2018 (in respect of EPA 152) Central received notice from the NT Department of Primary Industry and Resources that EPA 124 and EPA 152, as applicable, had been placed in moratorium for a period of 5 years from 6 December 2017 until 6 December 2022.*

HEALTH, SAFETY AND ENVIRONMENT

There were no MTIs or LTIs recorded during the quarter.

There were no reportable environmental incidents during the quarter.

As an outcome of the Pepper Fracking Inquiry, the Northern Territory (NT) Government has identified proposed 'no-go zones' within granted tenures to be declared as 'reserved blocks', subject to reaching agreement with the tenure holder. At this point, this regulation does not appear to impact Central's existing operations or any exploration activity in the CY2020 exploration programme. Some of Central's exploration tenements and areas under application may be affected. Any such arrangement is expected to require lengthy negotiations between the Government, Central and its Joint Venture partners. The Company continues to work closely with the NT Government as regulations change and evolve.

CORPORATE

Cash Position

The Group held cash of $16.5 million at the end of the quarter, down $1.3 million from June's 17.8 million balance.

The net cash inflow from operations before exploration and financing costs was $6.6 million.

The net cash inflow from operations for the quarter was $4.4 million, after payment of $0.8 million of exploration costs and $1.5 million of interest payments. This was down from $8.4 million in the June 2019 quarter, with the decrease being attributable to the lower sales revenues, including the cessation of Mereenie gas overlifts. The cash flows reflect a transition from overlifting at the Mereenie field, which had previously assisted the company in funding the Gas Acceleration Programme (GAP) and accelerated debt repayments since January.

The reduction in operational cash flows was largely offset by:

- lower capital expenditure ($0.8 million vs $2.6 million in June) following completion of the Gas Acceleration Project; and
- lower debt service payments following retirement of the Incitec Pivot Limited Gas Prepayment Facility in June.

Cash receipts from customers during the September 2019 quarter were $16.4 million (no cash was received for the 389 TJs of pre-sold gas delivered during the quarter).

Cash production costs were $8.6 million for the current quarter and included payments under the annual employee Short Term Incentives Programme.

Cash expenditure on capital projects (non-exploration) amounted to $0.8 million, which included $0.4 million on Palm Valley facilities (completion of PV13 tie-in and plant upgrades) and $0.1 million on Mereenie upgrades.

Interest charges amounting to $1.5 million were lower than the previous quarter, reflecting the benefit of accelerated debt repayments and softening interest rates.

In addition to delivery of 389 TJs of gas under the Macquarie pre-sale agreement, principal repayments under Macquarie debt facilities amounting to $4.75 million were made during the quarter. Debt repayments were lower than the previous quarter which included the final repayment of the short-term $5 million Incitec Pivot Limited Gas Prepayment Facility. The total outstanding balance of the Macquarie facilities was $77.6M at quarter end.

Central's accelerated debt repayment schedule has resulted in total debt repayments of $16.7 million to date in CY2019. Prior to the NGP commissioning in January 2019, Central's debt was $94 million. Central remains on track to complete an accelerated debt repayment program to reduce debt to $72.7 million by the end of CY2019. Central's operating cashflows and reduced debt is expected to bring financing / balance sheet flexibility in 2020.

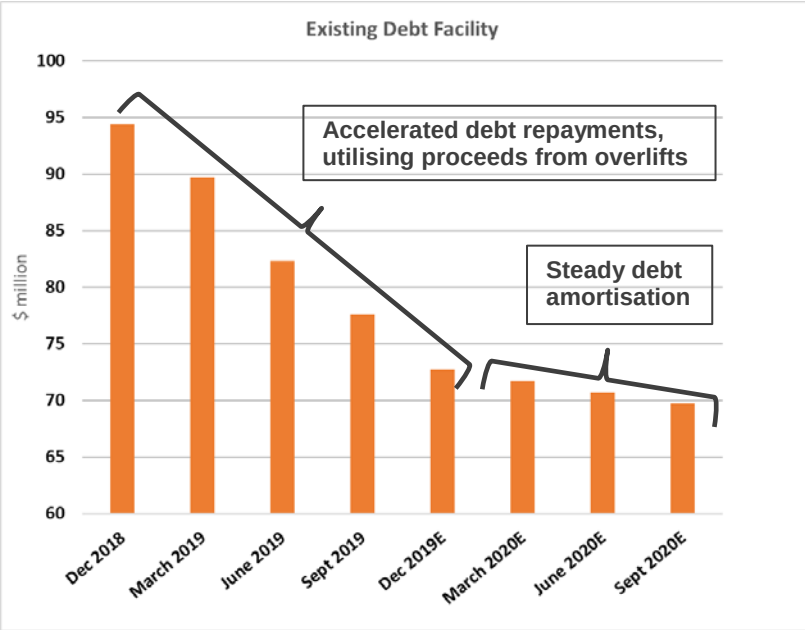

Figure 5: Outstanding debt balances

Debt Refinancing

Central's existing financing facility matures on 30 September 2020 and the Company has been progressing discussions with potential senior lenders. Activities to identify and document an optimal finance package for Central's operations will continue to be advanced with a view to finalising a new facility when there is further clarity on the farmout strategy in the first half of CY2020.

Gas Marketing

Central is in the advanced stages of completing a new gas sales agreement (GSA) to replace existing contracts expiring at the end of 2019. The east coast gas market remains buoyant, with strong demand and pricing. Central expects to execute a new GSA in coming weeks.

Issued Securities of the Company

At 30 September 2019 the Company had 722,409,436 ordinary shares on issue, 24,954,244 share rights expiring on various dates and 35,546,116 unlisted options exercisable at various prices on various dates.

Movement in securities during the quarter:

- 9,053,720 ordinary shares were issued as a consequence of share rights exercised by employees in accordance with the Company's Employee Rights Plan;
- 11,743,448 share rights were granted to employees in accordance with the Company's Employee Rights Plan;
- 13,046,116 unlisted options were granted to executives in accordance with the Executive Share Option Plan (as an alternative to their participation in the Company's Long Term Incentive Plan); and
- 30,000,000 unlisted options expired on 1 September 2019.

Leon Devaney

Chief Executive Officer and MD
29 October 2019

General Legal Disclaimer

As new information comes to hand from data processing and new drilling and seismic information, preliminary results may be modified. Resources estimates, assessments of exploration results and other opinions expressed by the Company in this announcement or report have not been reviewed by any relevant joint venture partners, therefore those resource estimates, assessments of exploration results and opinions represent the views of the Company only. Exploration programmes which may be referred to in this announcement or report may not have been approved by relevant Joint Venture partners in whole or in part and accordingly constitute a proposal only unless and until approved.

This document may contain forward-looking statements. Forward looking statements are only predictions and are subject to risks, uncertainties and assumptions which are outside the control of the Company. These risks, uncertainties and assumptions include (but are not limited to) commodity prices, currency fluctuations, economic and financial market conditions in various countries and regions, environmental risks and legislative, fiscal or regulatory developments, political risks, project delay or advancement, approvals and cost estimates. Actual values, results or events may be materially different to those expressed or implied in this document. Given these uncertainties, readers are cautioned not to place reliance on forward looking statements. Any forward looking statement in this document is valid only at the date of issue of this document. Subject to any continuing obligations under applicable law and the ASX Listing Rules, or any other Listing Rules or Financial Regulators' rules, the Company and its subsidiaries and each of their agents, directors, officers, employees, advisors and consultants do not undertake any obligation to update or revise any information or any of the forward looking statements in this document if events, conditions or circumstances change or that unexpected occurrences happen to affect such a statement. Sentences and phrases are forward looking statements when they include any tense from present to future or similar inflection words, such as (but not limited to) "forecast", "believe," "estimate," "anticipate," "plan," "predict," "may," "hope," "can," "will," "should," "expect," "intend," "is designed to," "with the intent," "potential," the negative of these words or such other variations thereon or comparable terminology, may indicate forward looking statements.

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+Rule 5.5

Appendix 5B

Mining exploration entity and oil and gas exploration entity quarterly report

Introduced 01/07/96 Origin Appendix 8 Amended 01/07/97, 01/07/98, 30/09/01, 01/06/10, 17/12/10, 01/05/13, 01/09/16

Name of entity

CENTRAL PETROLEUM LIMITED

ABN	**Quarter ended ("current quarter")**
72 083 254 308	30 SEPTEMBER 2019

Consolidated statement of cash flows		**Current quarter $A'000**	**Year to date (3 months) $A'000**
1.	**Cash flows from operating activities**		
1.1	Receipts from customers		
	- Product receipts	16,448	16,448
	- Take or pay receipts	—	—
1.2	Payments for		
	(a) exploration & evaluation	(810)	(810)
	(b) development	–	–
	(c) production and gas purchases	(8,585)	(8,585)
	(d) staff costs	(857)	(857)
	(e) administration and corporate costs (net of recoveries)	(437)	(437)
1.3	Dividends received (see note 3)	–	–
1.4	Interest received	59	59
1.5	Interest and other costs of finance paid	(1,450)	(1,450)
1.6	Income taxes paid	–	–
1.7	Research and development refunds	–	–
1.8	Other	–	–
1.9	**Net cash from / (used in) operating activities**	**4,368**	**4,368**

2.	**Cash flows from investing activities**		
2.1	Payments to acquire:		
	(a) property, plant and equipment	(797)	(797)
	(b) tenements (see item 10)	–	–
	(c) investments	–	–
	(d) other non-current assets – Security Bonds	–	–
2.2	Proceeds from the disposal of:		
	(a) property, plant and equipment	10	10
	(b) tenements and applications (see item 10 for tenements)	–	–
	(c) investments	–	–
	(d) other non-current assets – redemption of security bonds	–	–
2.3	Cash flows from loans to other entities	–	–
2.4	Dividends received (see note 3)	–	–
2.5	Other (refunded deposit to Joint Venture partner on withdrawal from Joint Venture)	–	–
2.6	**Net cash from / (used in) investing activities**	**(787)**	**(787)**

3.	**Cash flows from financing activities**		
3.1	Proceeds from issues of shares	–	–
3.2	Proceeds from issue of convertible notes	–	–
3.3	Proceeds from exercise of share options	–	–
3.4	Transaction costs related to issues of shares, convertible notes or options	–	–
3.5	Proceeds from borrowings	–	–
3.6	Repayment of borrowings	(4,749)	(4,749)
3.7	Transaction costs related to loans and borrowings	–	–
3.8	Dividends paid	–	–
3.9	Other - Principal elements of lease payments	(182)	(182)
3.10	**Net cash from / (used in) financing activities**	**(4,931)**	**(4,931)**

4.	**Net increase / (decrease) in cash and cash equivalents for the period**		
4.1	Cash and cash equivalents at beginning of period	17,806	17,806
4.2	Net cash from / (used in) operating activities (item 1.9 above)	4,368	4,368
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(787)	(787)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(4,931)	(4,931)
4.5	Effect of movement in exchange rates on cash held	–	–
4.6	**Cash and cash equivalents at end of period**	**16,456**	**16,456**

5.	**Reconciliation of cash and cash equivalents** at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	**Current quarter $A'000**	**Previous quarter $A'000**
5.1	Bank balances[1]	16,455	17,805
5.2	Call deposits	–	–
5.3	Bank overdrafts	–	–
5.4	Other (Cash on hand)	1	1
5.5	**Cash and cash equivalents at end of quarter (should equal item 4.6 above)**	**16,456**	**17,806**

[1] *Includes share of Joint Venture bank accounts, and cash held with Macquarie Bank Limited (Current Quarter $2,752,511; Previous Quarter $3,084,832) to be used for allowable purposes under the Facility Agreement.*

6.	**Payments to directors of the entity and their associates**	**Current quarter $A'000**
6.1	Aggregate amount of payments to these parties included in item 1.2	332
6.2	Aggregate amount of cash flow from loans to these parties included in item 2.3	–

6.3 Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2

Includes Salaries, Directors fees and Superannuation contributions

7.	**Payments to related entities of the entity and their associates**	**Current quarter $A'000**
7.1	Aggregate amount of payments to these parties included in item 1.2	–
7.2	Aggregate amount of cash flow from loans to these parties included in item 2.3	–

7.3 Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2

8.	**Financing facilities available** *Add notes as necessary for an understanding of the position*	**Total facility amount at quarter end[2] $A'000**	**Amount drawn at quarter end $A'000**
8.1	Loan facilities	77,561	77,561
8.2	Credit standby arrangements	–	–
8.3	Other (please specify)	–	–

8.4 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.

8.1 - Represents the Macquarie Bank Facility which is a secured 5 year partially amortising term loan maturing 30 September 2020 with quarterly principal and interest repayments. The weighted average interest rate at end of the current quarter was 6.49% (floating interest rate).

[2] *Amortised remaining Facility limit.*

9.	**Estimated cash outflows for next quarter[3]**	**$A'000**
9.1	Exploration and evaluation	(1,818)
9.2	Development	–
9.3	Production and gas purchases	(8,969)
9.4	Staff costs (net of recoveries)	(720)
9.5	Administration and corporate costs (net of recoveries)	(417)
9.6	Other	
	- Payments for property, plant & equipment	(2,004)
	- Interest and debt repayments	(6,007)
9.7	**Total estimated cash outflows**	**(19,935)**

[3] *Outflows only, does not reflect proceeds from product sales.*

10.	**Changes in tenements (items 2.1(b) and 2.2(b) above)**	**Tenement reference and location**	**Nature of interest**	**Interest at beginning of quarter**	**Interest at end of quarter**
10.1	Interests in mining tenements and petroleum tenements lapsed, relinquished or reduced				
10.2	Interests in mining tenements and petroleum tenements acquired or increased				

Compliance statement

1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.

2 This statement gives a true and fair view of the matters disclosed.

Sign here: ..... Date: ..29 October 2019.....
(Director/Company secretary)

Print name: .....JOSEPH MORFEA.....

Notes

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.

2. If this quarterly report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, AASB 6: Exploration for and Evaluation of Mineral Resources and AASB 107: Statement of Cash Flows apply to this report. If this quarterly report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.

3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.